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Market Administrator's

BULLETIN

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Paul W. Fisher
MARKET ADMINISTRATOR

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ISSUED FOR PRODUCERS WHO ARE NOT MEMBERS OF COOPERATIVE ASSOCIATIONS

MARCH, 1964

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U.S. COW NUMBERS DECLINING

The Dairy Situation, Economic Research Service USDA, February, 1964

On January 1 there were 18.1 million cows and heifers 2 years old and older kept for milk on U. S. farms. This was 3.2 percent below the 18.7 million head recorded a year earlier, the second successive year of substantial decline, and the largest inventory decline from a year earlier since January 1, 1959. Another substantial decrease in dairy cattle numbers is expected during 1964.

The number of heifers 1-2 years old kept for herd replacement dropped 5.5 percent to 4.6 million, while heifer calves declined 2.5 percent to 5.0 million. The proportion of 1-2 year old heifers kept for dairy herd replacements was 25.2 per 100 cows compared with 25.8 on January 1, 1963, while the proportion of heifer calves rose to 27.8 per 100 cows from 27.6 on January 1, 1963.

The number of cows and heifers eliminated per 100 cows increased for the fourth straight year: 29.1 during 1963 from 26.9 in 1960. While the elimination rate for cows and heifers continues to increase, the proportion of heifers kept for herd replacement is declining at a slower rate. Apparently milk cow ages in the herd are falling.

New Mexico reported a 2 percent gain in milk cows and heifers 2 years old and older, and there were no

changes in New Hampshire, Rhode Island, Arizona, and Nevada. All other States reported fewer cows, with a drop of more than 5 percent in 12 States.

Reductions during 1963 were accelerated by poor pastures and low winter feed supplies resulting from 2 years of drought. Feed was short in early 1963, after the 1962 drought. Last year, some States were again hit with dry weather which hurt pastures and lowered roughage supplies this winter. With manufacturing milk prices near supports, due to the continued heavy surplus, prices in 1963 were slow to respond to production declines. This also contributed to the reduction in cow numbers.

The number of milk cows and heifers 2 years old and older were lower than last January in all production regions, with declines ranging from 1.1 percent in the Lake States to 6.9 percent in the Delta States. A decrease of more than 6 percent occurred in the Southern Plains region, and 4 to 5 percent in Cornbelt, Northern Plains, and Southeast States.

Milk cows and heifers 2 years old and older were only 17.0 percent of all cattle on January 1 this year compared with 18.0 percent a year earlier and 31.7 percent in 1947-49.

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January Milk Production Same As Year Earlier; 1963 Output Down

The Dairy Situation, Economic Research Service USDA, February, 1964

Currently, 1964 production is expected to be about 125 billion pounds. This assumes output per cow increases 200 pounds this year and the average number milked declines about 0.4 million head.

January milk production was 10.1 billion pounds, the same as the revised estimate for January 1963, and 2 percent above the 1958-62 average for the month. This is the first month since November 1962 that the production level of a year earlier was maintained. Above-normal temperatures in important dairy areas favored milk production, in contrast to last January's unusually cool weather throughout the country. Production increased over January 1963 in 16 States, primarily in the Lake States and Northern Great Plains, was unchanged in 4 others, and declined in 30 States.

For 1963 milk production totaled 124.8 billion pounds, down 1 percent from 126.0 billion in 1962. The number of milk cows averaged 16.5 million, about 0.5 million below 1962 and 0.8 million below 1961. Fifteen of the 50 States reported increased output, with gains of 2 percent or more in New Mexico, Arizona, and Nevada.

Total output fell because of the above average decline in milk cow

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Toledo

MARKET FACTS FOR EASY REFERENCE

Based on Milk Testing 3.5% Butterfat
F. O. B. Handler's Plant

PRICE SUMMARY

Market Blend Price	
Class I	
Class II	
Producer Butterfat Differential for each one-tenth percent	

Feb. 1964	Jan. 1964	Feb. 1963
\$4.038	\$4.291	\$3.903
4.310	4.620	4.150
3.135	3.141	3.052
7.0¢	7.0¢	7.0¢

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Average Daily Receipts per Producer	
Total Number of Producers	
Average Butterfat Test of All Producers	

31,731,872	32,916,728	27,278,534
837,872	825,256	807,422
1,065	1,028	958
1,027	1,033	1,092
3.77	3.85	3.89

UTILIZATION SUMMARY

Amount of Producer Milk in Class I	
Amount of Producer Milk in Class II	
Percent of Producer Milk in Class I	
Percent of Producer Milk in Class II	
TOTAL VALUE AT 3.5%	
TOTAL VALUE AT TEST	
Income per Producer (7-day Average)	

24,298,365	25,582,947	22,607,809
7,433,507	7,333,781	6,670,725
76.6	77.7	77.2
23.4	22.3	22.8
\$1,281,312.87	\$1,412,617.27	\$1,142,828.71
\$1,341,780.27	\$1,492,227.57	\$1,222,306.01
\$315.35	\$326.20	\$279.83

GROSS CLASS USE (Pounds)

Class I Milk	
Class II Milk	

24,298,946	25,583,535	22,640,863
10,529,359	10,483,738	9,905,753

FEBRUARY PRICES PAID PRODUCERS (3.5%) Milk

Name of Handler	Feb. 1964	Price Prem. Paid	Jan. 1964	Price Prem. Paid	Feb. 1963	Price Prem. Paid
1. Adrian Dairy	\$4.15	\$.34	\$4.55	\$.07	\$3.83	\$.38
2. Babcock Dairy	4.10	.32	4.25	.06	3.87	.41
3. Cherry Grove Dairy	—	—	—	—	3.64	.29
4. Driggs Dairy Farm, Inc.	3.81	.22	4.28	.07	3.87	.40
5. Independent Dairy	4.15	.34	4.46	.07	3.98	.47
6. Napoleon Creamery	4.08	.32	4.27	.06	4.00	.47
7. Page Dairy Co.	3.95	.27	4.14	.05	3.88	.41
8. Sealtest Foods (Toledo Division)	4.16	.34	4.43	.07	4.04	.49
9. Sterling Milk Co.	4.16	.34	4.33	.06	3.84	.39
10. Trilby Farm Dairy	4.25	.35	4.39	.06	3.75	.33
11. Village Farm Dairy	3.96	.27	4.26	.06	3.73	.33
12. Woodville Riverside Dairy	3.95	.26	4.21	.06	3.82	.38

Note: In addition to the prices listed for milk testing 3.5% butterfat, a few producers received premiums for quality or high-testing milk

COMPARATIVE STATISTICS



TOLEDO MARKETING AREA



Feb., 1955 - '64

Year	Producers Receipts From	Average Butterfat Test	Percentage of Producer Milk in Each Class		Uniform Producer Price (3.5%)	Class Prices at 3.5%		Number of Producers	Daily Average Production
			Class I	Class II		Class I	Class II		
1955.....	18,958,970	3.68	80.5	19.5	3.827	4.031	2.917	1,971	344
1956.....	21,398,016	3.73	82.2	17.8	3.983	4.181	3.045	1,861	396
1957.....	21,165,152	3.72	86.4	13.6	4.273	4.429	3.167	1,706	443
1958.....	21,453,686	3.81	90.1	9.9	4.283	4.391	3.141	1,612	475
1959.....	23,176,088	3.78	85.9	14.1	4.137	4.310	3.060	1,396	593
1960.....	25,257,374	3.83	82.2	17.8	4.156	4.369	3.119	1,219	714
1961.....	26,805,224	3.84	74.5	25.5	4.173	4.490	3.240	1,167	820
1962.....	28,733,077	3.85	76.6	23.4	4.009	4.259	3.209	1,137	903
1963.....	29,278,534	3.89	77.2	22.8	3.903	4.150	3.052	1,092	958
1964.....	31,731,872	3.77	76.6	23.4	4.038	4.310	3.135	1,027	1,065

Prices Farmers Receive for Milk Up & Improving Relative to Other Livestock Prices

The Dairy Situation, Economic Research Service USDA, February, 1964

Prices farmers received for all wholesale milk averaged \$4.34 per 100 pounds in January, 10 cents higher than a year earlier. The increase over last January is due partly to increased use of milk for the higher-valued fluid milk products and partly to a 6-cents increase in the price of manufacturing grade milk. Prices in the fourth quarter of 1963 averaged 8 cents above fourth quarter of 1962.

The simple average of monthly prices of all wholesale milk in 1963 was \$4.11, about the same as 1962, but 7 cents under the 1957-59 aver-

age. Nationally the largest change in annual averages occurred in the price paid by dealers for milk distributed in fluid form which declined from \$5.35 per 100 pounds in 1962 to \$5.31 in 1963. About one-half of all wholesale milk distributed in fluid form.

In February, prices dealers paid for milk for fluid use averages \$5.42 per 100 pounds, 6 cents above last February. During the rest of 1964, these prices probably will be close to 1963 levels.

Prices received by farmers per pound of milkfat in 1963 averaged 58.5 cents compared with 58.8 cents

in 1962. This is the lowest since 1955, when milkfat was 57.8 cents per pound. This year's price may average about the same as last year. In January, the price of milkfat decreased 0.4 cents from a year earlier to 58.5 cents per pound.

The relationship of milk prices to beef cattle and hog prices is generally more favorable to milk production than a year ago, and the milk-feed ratio in December and January was 1 percent above year-earlier levels. For 1963, the milk-feed price ratio was the lowest since 1955, 1.35 compared with 1.40 in 1962.

Retail Prices for Dairy Products Turn Upward

The Dairy Situation, Economic Research Service USDA, February, 1964

During the first half of 1964, BLS index of dairy prices is expected to be above year earlier levels. Retail prices rose above a year earlier during the last half of 1963, due to higher prices received by farmers for milk and to slowly rising distribution margins.

Previously BLS index of prices for dairy products (1957-59=100) had declined from 104.1 in 1962 to 103.8 in 1963, while the index of retail prices

for foods had risen from 103.4 to 105.1.

The December 1963 retail price of fresh milk in leading U. S. cities averaged 24.6 cents per quart, when purchased at stores, 0.2 cents above a year earlier. It was 26.3 cents delivered to homes, compared with 26.0 cents at the end of 1962. Retail prices for fresh milk so far in 1964 apparently are near December levels. Despite increasing prices for farm milk dur-

ing last quarter 1963, the price of ice cream in half gallons was the same or below a year earlier. This price is probably staying close to the October-December 1963 level during the current quarter.

Though the price of butter in 1963 averaged 0.2 cents per pound below 1962, retail butter prices during the last half of the year ranges from 0.2 to 0.5 cents above the same period of 1962 and are running above a year earlier during the first half of 1964. Retail prices of evaporated milk, about constant throughout 1963, may rise slightly during 1964, in response to small increases in the prices paid farmers for milk at evaporated milk plants.

AVERAGE DAILY SALES OF:

	Fluid Milk	Chocolate	Buttermilk	Fluid Cream
	Quarts			
February, 1964	327,994	11,533	3,981	8,792
February, 1963	329,772	11,546	4,126	9,317
% of Increase or (Decrease)	(.5)	(.1)	(3.5)	(5.6)

MILK PRODUCTION . . .

(Continued from Page One)

numbers and the small increase in production per cow. From 1962 to 1956 and from 1960 to 1962, increases in output per cow offset declines in number of cows milked, raising total milk production. It took reductions in cow numbers of close to a million head to lower production in 1957, 1958, and 1959.

The drop in cow numbers and lower gains in production per cow in 1963 were related to severe winter weather in the early months of the year, low roughage supplies, and increased feed costs over a year earlier in both Southern and Northeastern States. In addition, pasture conditions nationally were below the 1950-59 average for most of the year, and prices of all wholesale milk lagged below a year earlier during the first half of 1963. In the fall of 1963 hay supplies were below 1962 and, in some areas, short for a second successive year.

The Northeast Region, only region to do so, increased milk production 0.6 percent over 1962, with most of the increase in Vermont, New York, and Pennsylvania. The Mountain Region maintained output but production in the other areas declined by amounts ranging from 0.4 percent in the Lake States to 4.1 percent in the Southern Plains States.

Balance of Payments Improved

The Dairy Situation, Economic Research Service USDA, February, 1964

"Balance of payments" is a measure of U.S. spending abroad—compared with receipts from abroad, involving exchange of goods, services, gold and capital. It is the difference between money flowing in and money flowing out. This has improved considerably since 1960 when the balance of payments deficit was about \$3.7 billion. This was cut back to \$2.2 billion in 1962. There are three reasons for this deficit; (1) heavy military investment abroad, (2) foreign aid programs and (3) U.S. companies investing money in the Common Market countries to get the factories behind EEC tariff walls.

The best way to reduce the balance of payments deficit is to encourage more cash sales of our goods abroad

—and this is happening. Agricultural products today account for \$1 in every \$4 of U.S. total exports.

U. S. COW NUMBERS DECLINING (Continued from Page One)

There were 1.42 milk cows for every beef cow in the United States in 1950; the 1964 ratio is down to 0.57. Moreover, the number of milk cows relative to the number of beef cows is declining in all regions. In the North Atlantic and Western regions, decline in milk cow numbers between 1950 and 1964 were small, while beef cow numbers rose sharply. In other areas, the changing ratio is due both to considerable drops in milk cow numbers and to large increases in beef cow numbers.

Market Quotations

FEBRUARY
1964

MINNESOTA - WISCONSIN PRICE SERIES	\$3.16
MIDWEST CONDENSERIES 3.5% per Cwt.	3.135
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.127
Average Weekly Cheddars price per lb.3512
Average Price per lb. 92-score butter at Chicago5797
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant1424

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